

SANTA ROSA COUNTY, FLORIDA CLERK OF COURTS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

SANTA ROSA COUNTY, FLORIDA CLERK OF COURTS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

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INDEPENDENT AUDITOR'S REPORT

Honorable Mary M. Johnson
Clerk of Courts
Santa Rosa County, Florida

We have audited the accompanying special purpose financial statements of the Office of the Clerk of Courts of Santa Rosa County, Florida (hereinafter referred to as "Clerk"), as of and for the year ended September 30, 2001, as listed in the table of contents. These special purpose financial statements are the responsibility of the Clerk's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

The accompanying special purpose financial statements were prepared for the purpose of complying with state reporting requirements as described in Note A and are intended to present the financial position and results of operations of only that portion of the financial reporting entity of Santa Rosa County, Florida that is attributable to the transactions of the Office of the Clerk of Courts of Santa Rosa County, Florida.

In our opinion, the special purpose financial statements referred to above, present fairly, in all material respects, the financial position of the Clerk at September 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2001 on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Our audit was performed for the purpose of forming an opinion on the special purpose financial statements of the Clerk taken as a whole. The combining statement of changes in assets and liabilities - agency funds is presented for purposes of additional analysis and is not a required part of the special purpose financial statements of the Clerk. Such information has been subjected to the procedures applied in the audit of the special purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the special purpose financial statements taken as a whole.

O'Sullivan Greel, LLP

December 5, 2001

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
September 30, 2001

	Governmental Fund Type		Fiduciary Fund Type	Account Group	Totals
	General Fund	Special Revenue	All Agency Funds	General Long-Term Debt	(Memorandum Only)
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$ 454,369	\$ 11,758	\$ 1,050,898	\$ --	\$ 1,517,025
Accounts receivable	1,799	--	--	--	1,799
Amount to be provided for accumulated leave	--	--	--	553,445	553,445
Total assets	<u>\$ 456,168</u>	<u>\$ 11,758</u>	<u>\$ 1,050,898</u>	<u>\$ 553,445</u>	<u>\$ 2,072,269</u>
LIABILITIES AND FUND BALANCE					
Accounts payable	\$ 131,477	\$ --	\$ --	\$ --	\$ 131,477
Accrued wages and salaries	101,080	--	--	--	101,080
Due to other governmental units	6,949	--	231,542	--	238,491
Deposits	--	--	819,356	--	819,356
Compensated absences	--	--	--	553,445	553,445
Total liabilities	<u>239,506</u>	<u>--</u>	<u>1,050,898</u>	<u>553,445</u>	<u>1,843,849</u>
Fund balance					
Reserved for purchase of law books	--	11,758	--	--	11,758
Reserved for records modernization trust fund	216,662	--	--	--	216,662
Unreserved	--	--	--	--	--
Total fund balance	<u>216,662</u>	<u>11,758</u>	<u>--</u>	<u>--</u>	<u>228,420</u>
Total liabilities and fund balance	<u>\$ 456,168</u>	<u>\$ 11,758</u>	<u>\$ 1,050,898</u>	<u>\$ 553,445</u>	<u>\$ 2,072,269</u>

The accompanying notes are an integral part of these financial statements.

Santa Rosa County, Florida Clerk of Courts
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
For the year ended September 30, 2001

	General Fund	Special Revenue (Law Library)	Totals (Memorandum Only)
REVENUES			
Intergovernmental	\$ 75,304	\$ --	\$ 75,304
Charges for services	1,386,926	32,234	1,419,160
Miscellaneous	24,642	--	24,642
Total revenues	<u>1,486,872</u>	<u>32,234</u>	<u>1,519,106</u>
EXPENDITURES			
Current			
General government			
Financial and administrative			
Personal services	1,193,082	--	1,193,082
Operating	341,255	--	341,255
Capital outlay	106,789	--	106,789
Judicial			
Personal services	1,504,054	--	1,504,054
Operating	287,275	24,794	312,069
Capital outlay	60,485	--	60,485
Total expenditures	<u>3,492,940</u>	<u>24,794</u>	<u>3,517,734</u>
Excess (deficiency) of revenues over expenditures	<u>(2,006,068)</u>	<u>7,440</u>	<u>(1,998,628)</u>
OTHER FINANCING SOURCES (USES)			
BOCC appropriation	2,112,485	--	2,112,485
BOCC excess fees	(4,949)	--	(4,949)
Total other financing sources (uses)	<u>2,107,536</u>	<u>--</u>	<u>2,107,536</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>101,468</u>	<u>7,440</u>	<u>108,908</u>
FUND BALANCE, BEGINNING OF YEAR	<u>115,194</u>	<u>4,318</u>	<u>119,512</u>
FUND BALANCE, END OF YEAR	<u>\$ 216,662</u>	<u>\$ 11,758</u>	<u>\$ 228,420</u>

Santa Rosa County, Florida Clerk of Courts
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND
For the year ended September 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	\$ 69,566	\$ 75,304	\$ 5,738
Charges for services	1,392,685	1,386,926	(5,759)
Miscellaneous	24,644	24,642	(2)
Total revenues	1,486,895	1,486,872	(23)
EXPENDITURES			
Current			
General government			
Financial and administrative			
Personal services	1,193,102	1,193,082	20
Operating	360,957	341,255	19,702
Capital outlay	187,342	106,789	80,553
Judicial			
Personal services	1,504,075	1,504,054	21
Operating	288,545	287,275	1,270
Capital outlay	60,485	60,485	--
Total expenditures	3,594,506	3,492,940	101,566
Excess (deficiency) of revenues over expenditures	(2,107,611)	(2,006,068)	101,543
OTHER FINANCING SOURCES (USES)			
BOCC appropriation	2,112,485	2,112,485	--
BOCC excess fees	(4,874)	(4,949)	(75)
Total other financing sources (uses)	2,107,611	2,107,536	(75)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	--	101,468	101,468
FUND BALANCE, BEGINNING OF YEAR	--	115,194	115,194
FUND BALANCE, END OF YEAR	\$ --	\$ 216,662	\$ 216,662

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

1. Reporting Entity

The Governmental Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity", established standards for defining the financial reporting entity. In developing these standards, the GASB assumed that all governmental organizations are responsible to elected officials at the federal, state, or local level. Financial reporting by a state or local government should report the elected officials' accountability for those organizations.

As concluded by the GASB, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Clerk, as established by Article VIII of the constitution of the State of Florida, is an elected official of the County. The Clerk of Courts is considered part of Santa Rosa County, Florida's primary government for purposes of GASB No. 14. These financial statements of the Clerk are issued separately to comply with Section 10.557(5), Rules of the Auditor General for Local Governmental Entity Audits, pursuant to Section 11.45(8), Florida Statutes.

2. Fund Accounting

The accounting system of the Clerk's office is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

2. Fund Accounting -- (Continued)

The funds utilized by the Clerk are as follows:

Governmental Funds

These funds utilize a modified accrual basis of accounting. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources rather than upon net income determination). The governmental funds utilized are as follows:

General Fund is used to account for all financial resources which are generated from operations of the office, appropriations from the Board of County Commissioners, and any other resources not required to be accounted for in another fund.

Special Revenue Fund - Law Library - Special revenue funds account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The revenue sources for this non-budgeted fund are a designated portion of certain court fees. These monies are used to purchase books, publications, and subscriptions for the Santa Rosa County Law Library.

Fiduciary Funds

The two types of fiduciary funds are trust funds and agency funds. Of the two, the Clerk utilizes only agency funds. Agency funds are used to account for assets being held in a custodial capacity for others. Assets equal liabilities in agency funds, and results of operations are not measured. The agency funds utilized are:

Court Registry - Funds are deposited pursuant to court order pending the outcome of legal action and are distributed by order of the court.

Documentary Stamp - The Clerk collects documentary stamps tax as an agent for the State of Florida and remits the revenue, less commission, to the Department of Revenue.

Uniform Support - The Clerk collects child support and other payments required by court order and remits to the appropriate individuals or organizations.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

2. Fund Accounting -- (Continued)

Tax Redemption - The Clerk collects tax deed application fees and tax deed bids and makes distributions on payments as appropriate.

Juror and Witness - State funding for payment of juror and witness fees is held in this fund. The balance is returned to the State at the end of each judicial quarter.

Fine and Cost - Traffic and other fines are collected by the Clerk and remitted to the various governmental agencies.

Suspense - The Clerk collects fees for marriage licenses, spousal abuse and restitution. Also, the Clerk collects money for the State co-educational trust fund and attorney's fees. Distributions on payments and remittances are made as appropriate to the various agencies or individuals.

Intangible Tax - The Clerk collects intangible tax and remits to the Department of Revenue.

Account Group

General Long-Term Debt Account Group is used to establish accountability for the Clerk's long-term debt. This self-balancing account group is not a fund and does not reflect financial resources and related liabilities. This account group reflects all long-term obligations of the Clerk's office.

3. Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred.

4. Cash and Investments

The Clerk's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

4. Cash and Investments -- (Continued)

Pursuant to Florida Statutes Section 218.415, the Clerk's investment policy outlines the Clerk's investment responsibilities, objectives, and policies. The Clerk's investment policy authorizes the Clerk to invest in the following:

- a. The Local Government Surplus Funds Trust Fund (SBA) (State Pool);
- b. Florida Counties Investment Trust (FCIT) (State Investment Trust);
- c. Qualified money market mutual funds;
- d. U.S. Treasury bills, notes and bonds;
- e. Obligations guaranteed by the U.S. Government as to principal and interest such as obligations of the Government National Mortgage Association (GNMA);
- f. Non-callable Government Agency securities with stated maturities that fall within parameters put forth by the investment policy, including the following:
 - (i) Federal Farm Credit Bank (FFCB),
 - (ii) Federal Home Loan Mortgage Corporation (FHLMC),
 - (iii) Federal Home Loan Bank (FHLB),
 - (iv) Federal National Mortgage Association (FNMA).This classification of government agency securities does not include any mortgage debt of any government agency;
- g. Time deposits and savings accounts in banks or savings and loan associations doing business in Florida;
- h. Tax-exempt obligations of the State of Florida and its various local governments;
- i. Repurchase agreements for investments authorized in categories d, e, or f above.

Security

The Clerk maintains its deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must deposit eligible collateral with the Treasurer of the State of Florida equal to or in excess of their required collateral pledging level. In the event of default by a qualified public institution, the Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments among all Qualified Public Depositories.

The overnight repurchase agreement (classified as cash equivalents) was 102% collateralized by Federal Home Loan Mortgage Corporation securities.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

4. Cash and Investments -- (Continued)

Valuation

Investments are stated at fair value.

5. Accounting for Fixed Assets

Fixed assets are recorded as expenditures at the time of purchase. These assets are capitalized at cost and accounted for in the Board of County Commissioners' general fixed assets account group. The Clerk of Courts does not engage in the acquisition of public domain (infrastructure) assets.

6. Budgets and Budgetary Accounting

The Clerk establishes an annual budget for the general fund pursuant to Section 218.35, Florida Statutes. The budget is submitted to the Board of County Commissioners (BOCC) and is incorporated into the overall County budget.

The Clerk's budget is adopted on a basis consistent with generally accepted accounting principles.

7. Documentary Stamps

Documentary stamps are issued by the Clerk as an agent for the State of Florida. The stamps are recorded and sold at cost.

8. Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not used.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES -- (Continued)

9. Compensated Absences

The Clerk does not accrue a liability for sick leave, annual leave, or compensatory time in the general fund as payments on this liability will not be made with expendable available financial resources. At September 30, 2001, the liability for accumulated sick leave, annual leave, and compensatory time was \$225,378, \$311,514, and \$16,553, respectively. These amounts are recorded in the general long-term debt account group of the Clerk.

10. Total Column on Combined Statements

The total column is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND INVESTMENTS

At year end the Bank reported deposits before outstanding checks of \$1,702,608, all of which was held by financial institutions designated as "qualified public depositories" by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institutions in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes.

The overnight repurchase agreement (classified as cash equivalents) in the amount of \$244,000 was fully collateralized by Federal Home Loan Mortgage Corporation securities. At year end the cost of the overnight repurchase agreements approximated market value.

NOTE C - GENERAL LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year.

	Balance October 1, <u>2000</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, <u>2001</u>
General long-term debt				
Compensated absences	\$ 525,032	\$ 28,413	\$ --	\$ 553,445

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE D - LINE OF CREDIT

The Clerk has available a line of credit with a bank (secured by the Clerk's covenant to budget and appropriate funds) permitting borrowings up to \$250,000. Borrowings under the line bear interest at the lender's prime rate less 3.5% (2.5% at September 30, 2001), payable in monthly installments. At September 30, 2001 there was no outstanding balance. Final maturity is August 15, 2002.

NOTE E - RETIREMENT PLAN

Participation - Employees of the Clerk participate in the Florida Retirement System, a cost-sharing multiple-employer retirement system, established by Chapter 121, Florida Statutes. Participation is compulsory for full-time and part-time employees working in regularly established positions. Elected officials may elect not to participate in the system. Eligible employees may elect to participate in the Deferred Retirement Option Program (DROP), deferring receipt of retirement benefits while continuing employment with a Florida Retirement System employer.

Contributions - Chapter 121 requires the employer to pay all contributions (employee noncontributory) based upon state-wide rates established by the State of Florida. During fiscal year 2001, the Clerk contributed an average of 8.69% of each qualified regular employee's gross salary, 16.53% of the elected official's salary, and 12.54% for each DROP participant. The contributions, funded on a pay-as-you-go basis, were equal to the actuarially determined contribution requirements for each year and totaled \$188,515, \$207,587 and \$278,994 for the years ended September 30, 2001, 2000, and 1999, respectively.

Benefit Provisions - The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS provides for vesting of benefits after 10 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 10 or more years of service, or to those employees who have at least 30 years of creditable service, regardless of age. Early retirement is available after 10 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. For DROP participants, the deferred monthly benefit plus interest compounded monthly, accrues for the specified period of the DROP participation. Upon retirement, the participant receives the total accumulated DROP benefits and begins to receive current benefits at the previously determined rate.

Santa Rosa County, Florida Clerk of Courts
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2001

NOTE E - RETIREMENT PLAN -- (Continued)

Financial Report of the Plan - The Florida Retirement System issues a stand-alone financial report. A copy can be obtained by contacting the State of Florida, Division of Retirement, Tallahassee, Florida.

NOTE F - RISK MANAGEMENT

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board of County Commissioners maintains a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program the County is self-insured with respect to the following exposures:

- Workers Compensation
- Construction and Road Equipment
- Auto Physical Damage
- Auto Liability

The County is covered by outside insurance for the following exposures:

- Portable Communication Equipment
- Boats
- General Liability, \$100,000 deductible
- Employee Fidelity
- Public Officials' Liability, \$100,000 deductible

Conventional insurance remains in effect for buildings and their contents. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County is a member of the Florida Association of Counties Trust, a pooled liability program providing general liability coverage and public official's liability coverage. The Clerk participates in the program and makes payments to the Self-Insurance Fund based on historical estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses.

COMBINING AND INDIVIDUAL FUND STATEMENT
AGENCY FUNDS

Santa Rosa County, Florida Clerk of Courts
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the year ended September 30, 2001

	Balances 10/01/00	Additions	Deductions	Balances 9/30/01
<u>Court Registry</u>				
Assets				
Cash	\$ 287,643	\$ 3,023,343	\$ 2,912,708	\$ 398,278
Liabilities				
Registry deposits	\$ 287,643	\$ 3,023,343	\$ 2,912,708	\$ 398,278
<u>Documentary Stamp</u>				
Assets				
Cash	\$ --	\$ 7,479,337	\$ 7,479,337	\$ --
Due from other funds	186	--	186	--
Total assets	\$ 186	\$ 7,479,337	\$ 7,479,523	\$ --
Liabilities				
Due to other governmental units	\$ 186	\$ 7,479,337	\$ 7,479,523	\$ --
<u>Uniform Support</u>				
Assets				
Cash	\$ --	\$ 2,155,606	\$ 2,155,606	\$ --
Liabilities				
Due to other funds	\$ --	\$ 370	\$ 370	\$ --
Child support and alimony	--	2,155,236	2,155,236	--
Total liabilities	\$ --	\$ 2,155,606	\$ 2,155,606	\$ --
<u>Tax Redemption</u>				
Assets				
Cash	\$ 229,934	\$ 472,033	\$ 280,889	\$ 421,078
Liabilities				
Deposits	\$ 229,934	\$ 472,033	\$ 280,889	\$ 421,078

Continued...

Santa Rosa County, Florida Clerk of Courts
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
For the year ended September 30, 2001

	Balances 10/01/00	Additions	Deductions	Balances 9/30/01
<u>Juror and Witness</u>				
Assets				
Cash	\$ --	\$ 48,806	\$ 48,806	\$ --
Liabilities				
Accounts payable	\$ --	\$ 48,806	\$ 48,806	\$ --
<u>Fine and Cost</u>				
Assets				
Cash	\$ 1,527	\$ 2,670,475	\$ 2,440,460	\$ 231,542
Liabilities				
Due to other funds	\$ 1,527	\$ 11,464	\$ 12,991	\$ --
Due to other governmental units	--	2,659,012	2,427,470	231,542
Total liabilities	\$ 1,527	\$ 2,670,476	\$ 2,440,461	\$ 231,542
<u>Suspense</u>				
Assets				
Cash	\$ --	\$ 299,429	\$ 299,429	\$ --
Liabilities				
Accounts payable	\$ --	\$ 66,484	\$ 66,484	\$ --
Due to other governmental units	--	232,945	232,945	--
Total liabilities	\$ --	\$ 299,429	\$ 299,429	\$ --
<u>Intangible Tax</u>				
Assets				
Cash	\$ --	\$ 1,460,439	\$ 1,460,439	\$ --
Liabilities				
Due to other governmental units	\$ --	\$ 1,460,439	\$ 1,460,439	\$ --

Continued...

Santa Rosa County, Florida Clerk of Courts
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (CONTINUED)
For the year ended September 30, 2001

	Balances 10/01/00	Additions	Deductions	Balances 9/30/01
<u>Total - Agency Funds</u>				
Assets				
Cash	\$ 519,104	\$ 17,609,468	\$ 17,077,674	\$ 1,050,898
Due from other funds	186	--	186	--
Total assets	<u>\$ 519,290</u>	<u>\$ 17,609,468</u>	<u>\$ 17,077,860</u>	<u>\$ 1,050,898</u>
Liabilities				
Accounts payable	\$ --	\$ 115,290	\$ 115,290	\$ --
Due to other governmental units	186	11,831,733	11,600,377	231,542
Due to other funds	1,527	11,834	13,361	--
Deposits	517,577	3,495,376	3,193,597	819,356
Child support and alimony	--	2,155,236	2,155,236	--
Total liabilities	<u>\$ 519,290</u>	<u>\$ 17,609,469</u>	<u>\$ 17,077,861</u>	<u>\$ 1,050,898</u>



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mary M. Johnson
Clerk of Courts
Santa Rosa County, Florida

We have audited the special purpose financial statements of the Office of the Clerk of Courts of Santa Rosa County, Florida (hereinafter referred to as "Clerk"), as of and for the year ended September 30, 2001, and have issued our report thereon dated December 5, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended solely for the information and use of the Clerk and appropriate governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Creel, LLP

December 5, 2001



MANAGEMENT LETTER

Honorable Mary M. Johnson
Clerk of Courts
Santa Rosa County, Florida

We have audited the special purpose financial statements of the Office of the Clerk of Courts of Santa Rosa County, Florida (hereinafter referred to as "Clerk"), as of and for the year ended September 30, 2001, and have issued our report thereon dated December 5, 2001.

We have issued our Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 5, 2001. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (g) 1. a.) require that we comment as to whether or not inaccuracies, shortages, defalcations, and violations of laws, rules, regulations, and contractual provisions, if any, reported in the preceding annual financial audit report have been corrected. There were no such matters disclosed in the preceding annual financial report.

The Rules of the Auditor General (Section 10.554 (1) (g) 1. b.) require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been implemented. No such recommendations were made in the preceding annual audit report.

As required by the Rules of the Auditor General (Section 10.554 (1) (g) 2.), we determined that the Clerk is in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.



The Rules of Auditor General (Sections 10.554 (1) (g) 3. and 4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's report on internal control structure and on compliance with laws and regulations: recommendations to improve financial management, accounting procedures, and internal controls; violations of laws, rules, regulations, and contractual provisions that have occurred or were likely to have occurred and were discovered within the scope of the audit; improper or illegal expenditures discovered within the scope of the audit which may or may not materially affect the financial statements; improper or inadequate accounting procedures; failures to properly record financial transactions; and other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of, the auditor. Management has been made aware of limited segregation of duties in previous communications. Our audit disclosed no additional matters which are required to be disclosed by Rules of Auditor General (Sections 10.554 (1) (g) 3. and 4.).

This report is intended solely for the information and use of the Clerk, management, and appropriate governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

O'Sullivan Creel, LLP

December 5, 2001

